

# KENSINGTON FIRE PROTECTION DISTRICT POLICY MANUAL

## **POLICY TITLE AND NUMBER: 1170 Financial Reserves**

**1170.00** Having an adequate financial reserve is critical to the successful and stable short- and long-term operation of the district. An adequate reserve ensures that the district will at all times have sufficient funding available to meet its operating and capital needs. The ability of the district to maintain reserve funds is a critical factor in providing reliable service and ensuring overall financial strength.

**1170.01** A prime purpose of the reserves is to accumulate sufficient assets to pay known future liabilities and expenditures associated with the district's contract with the City of El Cerrito and its equipment outlays.

**1170.02** The board shall deliberately set aside:

A. At all times six months of the fee for services under the district's contract with the City of El Cerrito; and

B. One-fifteenth of the cost of each engine annually, such amount to be indexed by the cost of living; and

C. One-tenth of the cost of the Battalion Chief's vehicle, such amount to be indexed by the cost of living; and

D. The total of annual administrative costs for the General Manager, Accountant, Auditor, and Actuary; and

E. Such other amounts as the board shall deem prudent.

**1170.03** Reserve funds need not be separated from other funds or accounts of the district.